



US Imported Beef Market

A Weekly Update

Prepared Exclusively for [Meat & Livestock Australia - Sydney](#)

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Market Highlights for the Week:

- US cow and bull slaughter remains above year ago levels. For the week ending August 13 non-fed slaughter was estimated at 146k head, 4k head higher than the previous week and also 4k head higher than a year ago.
- Pasture conditions in the Southern Plains remain in the worst condition in over a decade. Last week almost half of all pastures and ranges were in poor or very poor condition and about 60% of the cattle inventory was located in areas experiencing drought conditions.
- Drought is expected to limit hay production in 2022 and this will in turn affect producer decisions this fall. According to USDA hay harvested acres will be up this year but a 6% decline in yields is expected to reduce hay production by 3.3 million MT or 4.6%.
- Hay production in Texas is expected to be down 28% and account for much of the decline in hay production.
- Brazilian beef exports in July were about the same as the previous year but suppliers continue to shift a larger share of exports to China, with exports to that market up 20% from a year ago. Exports to the US were just a little over 2000 MT, 67% lower than a year ago.

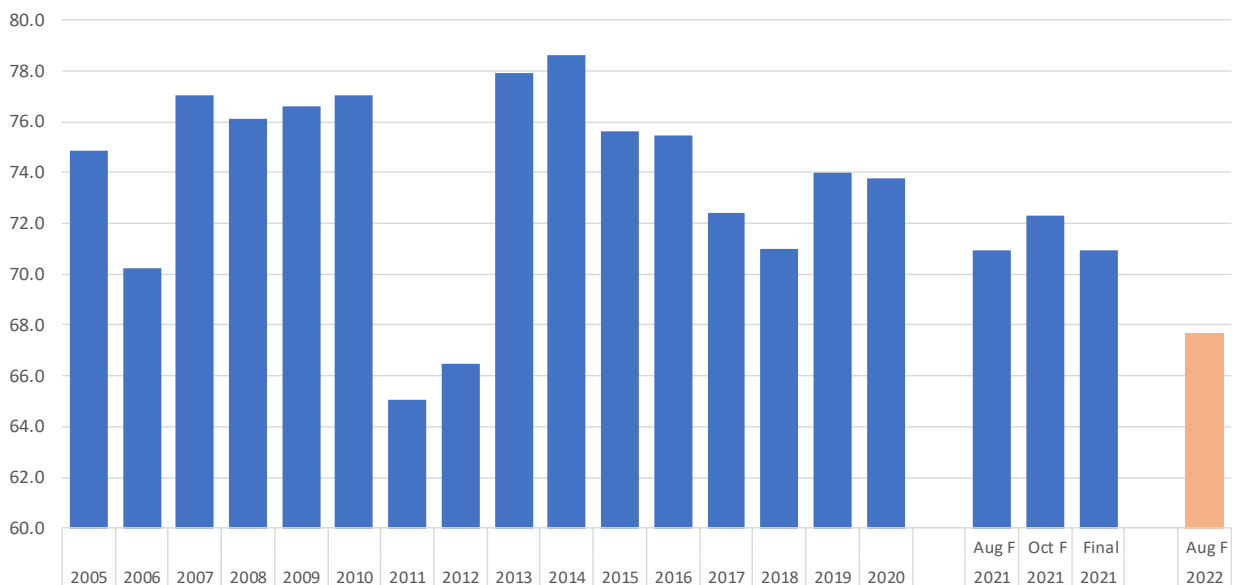
Imported Market Activity for the Week

Imported beef prices were steady to lower last week, with lean beef values feeling more downward pressure and prices quoted largely a penny or two under the previous week. While offerings from Australia remain limited and New Zealand will have little to sell in the next 2-3 months, US buyers do not seem particularly interested in bidding on product for delivery into the fall. And if they are, they are throwing lower bids to see what can get covered. The focus for now is on the inventory of product on hand and sales in

the next 30-60 days. Domestic supply is readily available and the seasonal slowdown in grilling demand means availability in the near term is more than adequate. Prices for imported cuts are also trending lower. In part this is due to a modest improvement in Australian supplies but mostly because of the lower prices for domestic product. USDA quoted cow knuckles last week under \$290/cwt and cow eye rounds were at \$280. However, not all cow cuts are weak. Cow cap off insides are still trading over \$370, which means imported product still offers good value. Fed cap off insides are currently well over \$400. While we heard of

US Production of All Hay Excluding Alfalfa. Million Metric Ton

Data source: USDA-NASS Survey. Analysis by Steiner Consulting



very light volume of imported cap off product trading a bit lower, the reality is that getting any reasonable volume is difficult and those needing to book multiple loads have to pay up from current quoted market. This is especially the case for product delivering in Q4.

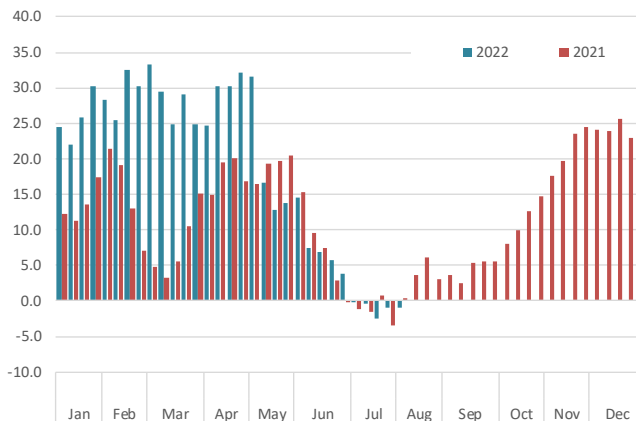
A few market notes from last week:

- There is a fair amount of debate about the level of cow slaughter this coming fall. As we have noted previously, just because the beef cow herd is down in July compared to the previous year does not necessarily mean that there will be fewer cull cows available in the fall. Indeed, the factors driving cow liquidation in a given year tend to persist far longer than market participants appreciate, especially if this is driven by weather. Normally we see more cows come to market in the fall as producers make decisions about the number of open cows they plan to carry over the winter. Feed availability is especially important and this year availability is expected to be at the lowest level in more than a decade. On Friday USDA estimated that US producers will harvest 36 million acres of hay (other than alfalfa) in 2022, 1.6% more than a year ago. However, drought has had a significant impact on this year's hay crop, which was estimated at 67.7 million ton, 3.3 million metric ton or 4.6% lower than the previous year. Hay production in Texas (excludes alfalfa), the biggest hay producing state, is forecast to decline 2.9 million MT or 28% compared to the previous year. This is the first estimate of the hay crop for 2022, with another estimate coming in October and then the final number published next year. If correct, this year's hay crop will be the smallest since 2012. US hay stocks on May 1 were down 6.9% from the previous year and the shortfall in production this summer all but assures a significant drop in hay inventory on December 1. Lack of feed for the winter could force the hand of producers and keep cow slaughter at or above year ago levels in the next few months.

- Imported beef premium to domestic has largely disappeared and last week frozen 90CL beef was trading 2-3 cents under domestic fresh. Last year we saw the premium of imported product increase in the fall and there is a possibility we could see imported beef trade above domestic again this year. However, much will depend on the level of domestic cow slaughter this fall as well as the outlook for

Imported 90CL Beef Price Premium vs. Domestic Fresh 90CL: 2021 & 2022

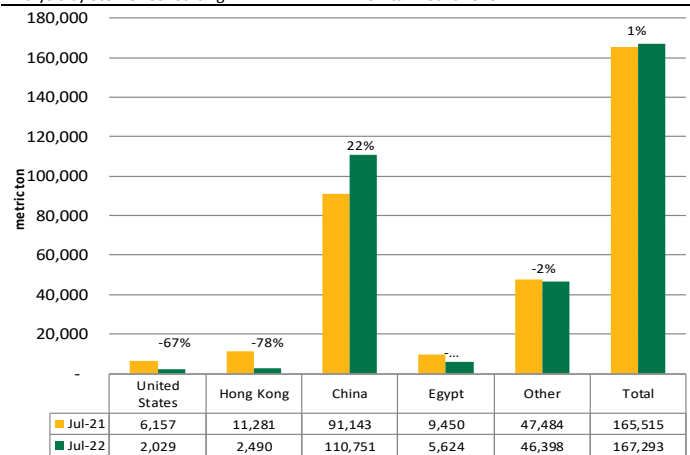
Analysis by Steiner Consulting



Brazil Fresh/Frozen Beef Exports in July 2022 vs. July 2021

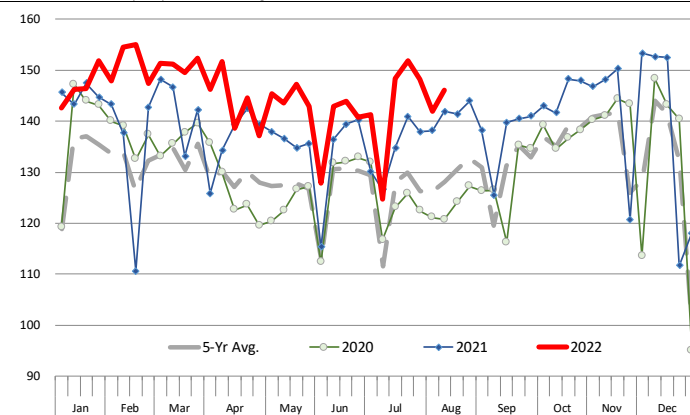
Analysis by Steiner Consulting

Units: Metric Tons



WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS. Analysis by Steiner Consulting



beef price increases in Q1 of 2023. Fed cattle futures are currently pricing US cattle prices for February 2023 at \$150/cwt and April 2023 is trading at \$155/cwt. This is as much as 11% higher than current cattle prices. Expectations of higher forward prices could once again bolster imported values.

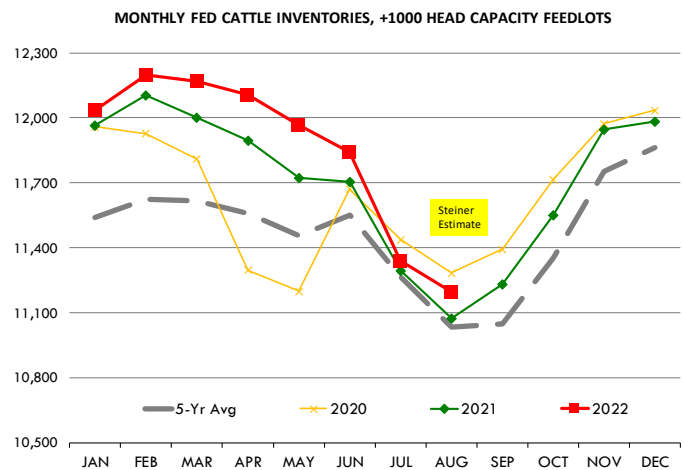
- Supply availability from Brazil will be much more limited in the second half of 2022. While this was expected, July export data from Brazil all but confirmed it. Total exports of Brazilian beef in July were 167,293 MT, 2k MT higher than the previous year. Exports to the Chinese market were 110,751 MT, almost 20k MT or 22% higher than a year ago while shipments to the US were only 2,029 MT, 67% lower than last year. There is some expectation that Brazil will ship a significant amount of beef to the US later this year as exporters compete for the limited quota available. While that may be the case, it is far from certain considering demand in the Chinese market. For now, however, US end users seem content to plan for Brazil and higher imports from Australia to bolster imported availability in the first half of 2023. This is adding to the overall sense of complacency in the market.

- USDA will issue on August 19 the results of its monthly survey of feedlots with +1000 head on feed. We think feedlot placements will be marginally higher than the previous year, largely reflecting the ongoing impact of drought. We think placements in the Southern Plains were far higher than expected in July, bolstering the overall numbers. Marketings were lower than a year ago in July due to one less marketing day. The inventory on August 1 was lower than the previous month due to more cattle marketed than placed but overall it remains above year ago levels.

Our estimates of August 19 USDA report:

Placed on feed in July:	100.5
Marketed in July:	96.4
Total on Feed Aug 1:	101.1

Current on feed supplies imply adequate feedlot numbers through the fall but less supply in 2023.

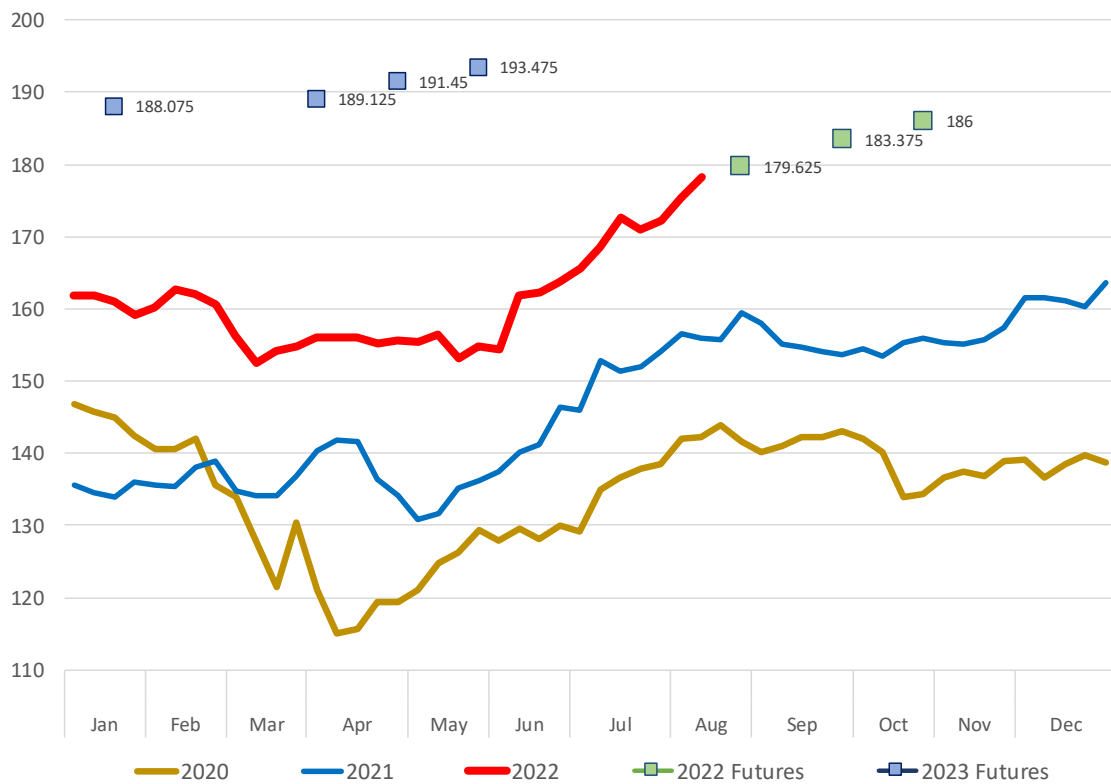


CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	11-Aug-22	4-Aug-22		12-Aug-21	
CME FEEDER CATTLE INDEX	178.28	175.43	1.6%	155.83	14.4%
	12-Aug-22	5-Aug-22		13-Aug-21	
FED STEER (5-MKT AVG)	144.69	141.17	2.5%	123.21	17.4%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	156.00	153.00	2.0%	134.00	16.4%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	153.50	152.50	0.7%	132.50	15.8%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	152.00	152.00	0.0%	134.00	13.4%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	212.01	214.36	-1.1%	233.19	-9.1%

Weekly CME Feeder Cattle Index

Source: CME. Analysis by Steiner Consulting



Source: Chicago Mercantile Exchange

TABLE 2 – IMPORTED BEEF PRICES, 7:45 DAYS, CIF

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	12-Aug-22	27-Aug-22	5-Aug-22	12-Aug-22		13-Aug-21	20-Aug-21	
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	271.0	275.0	275.0	276.0	-1.0	289.0	290.0	-15.0
90 CL Blended Cow	257.0	258.0	258.0	259.0	-1.0	269.0	270.0	-12.0
90 CL Shank	255.0	260.0		260.0	0.0	270.0	275.0	-15.0
85 CL Fores	253.0	254.0	253.0	254.0	0.0	245.0	248.0	6.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	272.0	276.0	275.0	278.0	-2.0	288.0	289.0	-13.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings		253.0		253.0	0.0	245.0	246.0	7.0
80 CL Trimmings		UNQ		UNQ	N/A	230.0	231.0	N/A
75 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	320.0	325.0	330.0	340.0	-15.0		370.0	-45.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		280.0		UNQ	N/A		310.0	-30.0
Steer Knuckles	275.0	280.0		285.0	-5.0		300.0	-20.0

TABLE 3 – IMPORTED BEEF PRICES, 7:45 DAYS, US WAREHOUSE

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	12-Aug-22	5-Aug-22				13-Aug-21		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	279.0	282.0	280.0	282.0	0.0	297.0	299.0	-17.0
90 CL Blended Cow	263.0	265.0	263.0	265.0	0.0	277.0	279.0	-14.0
90 CL Shank	265.0	266.0	265.0	270.0	-4.0		280.0	-14.0
85 CL Fores	260.0	261.0	261.0	262.0	-1.0	254.0	256.0	5.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	280.0	281.0	281.0	282.0	-1.0	296.0	297.0	-16.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings		260.0	260.0	261.0	-1.0	254.0	255.0	5.0
80 CL Trimmings		UNQ		UNQ	N/A	238.0	240.0	N/A
75 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	340.0	350.0		360.0	-10.0	370.0	380.0	-30.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		290.0		300.0	-10.0		330.0	-40.0
Steer Knuckles		285.0		290.0	-5.0		310.0	-25.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	12-Aug-22	5-Aug-22		13-Aug-21							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	263.37			264.62			-1.3	324.83			-61.5
Select Cutout	239.59			238.67			0.9	298.02			-58.4
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	265.0	277.5	268.4	265.0	276.0	267.9	0.4	272.0	283.0	275.7	-7.4
85 CL Beef Trimmings	224.0	249.0	241.4	223.5	251.0	240.6	0.8	251.0	274.1	257.9	-16.5
50 CL Beef Trim	89.0	120.0	105.1	85.0	115.0	102.4	2.7	149.1	175.0	166.5	-61.4
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	101.8	155.0	133.9	106.8	154.0	133.2	0.7	130.0	163.0	145.0	-11.1
72 CL Pork Trim	93.3	186.5	142.9	116.8	160.5	138.8	4.0	128.0	184.3	152.8	-9.9
<u>Point of Lean Values</u>											
90 CL Domestic	298.2			297.7			0.5	306.4			-8.2
50 CL Beef Trimming	210.2			204.9			5.3	332.9			-122.7
42 CL Pork Trim	318.7			317.2			1.5	345.2			-26.5
72 CL Pork Trim	198.4			192.8			5.6	212.2			-13.7
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	144.69			141.17			3.5	123.21			21.5

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From	
			Week	Week		Last Year	Last Year
	12-Aug-22	5-Aug-22			13-Aug-21		
<u>Live Cattle Futures</u>							
August '22	140.225	137.875	↑	2.35	122.750	↑	17.48
October '22	144.500	143.875	↑	0.63	128.125	↑	16.38
December '22	150.625	149.975	↑	0.65	133.825	↑	16.80
February '23	155.200	154.600	↑	0.60	138.350	↑	16.85
<u>Feeder Cattle Futures</u>							
August '22	179.625	179.525	↑	0.10	158.050	↑	21.58
November '22	187.575	187.675	↓	-0.10	167.300	↑	20.28
January '23	188.075	188.150	↓	-0.07	166.750	↑	21.33
March '23	189.125	189.400	↓	-0.28	166.800	↑	22.33
<u>Corn Futures</u>							
September '22	639.750	610.250	↑	29.50	568.250	↑	71.50
December '22	642.250	610.000	↑	32.25	573.000	↑	69.25
March '23	649.000	618.000	↑	31.00	579.500	↑	69.50
May '23	651.500	622.500	↑	29.00	583.000	↑	68.50
<u>Ch Wheat Futures</u>							
September '22	806	775 3/4	↑	30.25	762 1/4	↑	43.75
December '22	822 1/2	795 1/4	↑	27.25	774 1/4	↑	48.25
March '23	835 1/2	814	↑	21.50	784	↑	51.50
May '23	844 1/2	826 1/4	↑	18.25	784 1/4	↑	60.25
<u>Slaughter Information</u>							
	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
	13-Aug-22	6-Aug-22		Week	14-Aug-21		Last Year
Total Cattle Slaughter	647,000	651,000	↓	-4,000	636,000	↑	11,000
	30-Jul-22	23-Jul-22			31-Jul-21		
Total Cow Slaughter	136,492	139,811	↓	-3,319	126,000	↑	10,492
Dairy Cow Slaughter	55,965	57,537	↓	-1,572	58,500	↓	-2,535
Beef Cow Slaughter	80,527	82,274	↓	-1,747	67,500	↑	13,027

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

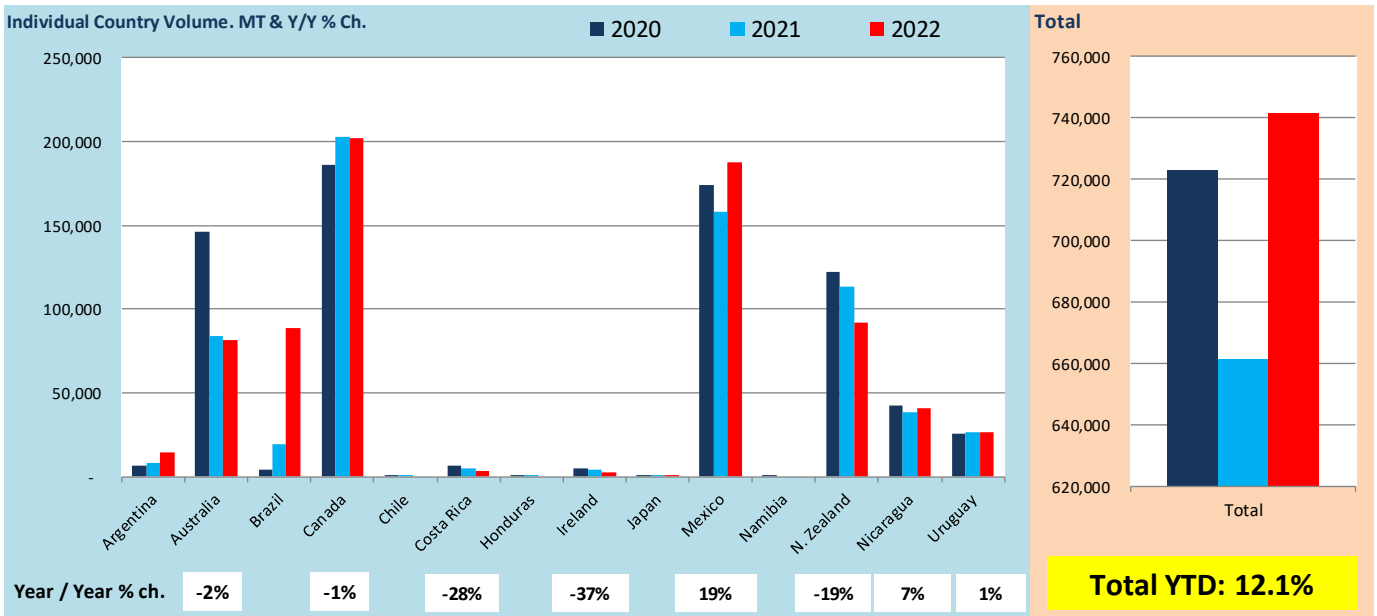
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 32	8/7/2021	8/6/2022		
Argentina	8,260	14,977	6,717	81.3%
Australia	83,710	81,640	(2,070)	-2.5%
Brazil	19,571	88,439	68,868	351.9%
Canada	202,948	201,755	(1,193)	-0.6%
Chile	181	-	(181)	-100.0%
Costa Rica	5,061	3,631	(1,430)	-28.3%
France	-	-	-	
Honduras	22	-	(22)	-100.0%
Ireland	4,710	2,985	(1,725)	-36.6%
Japan	629	675	46	7.3%
Mexico	158,253	187,804	29,551	18.7%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	113,184	91,630	(21,554)	-19.0%
Nicaragua	38,517	41,062	2,545	6.6%
Spain	-	-	-	
Uruguay	26,601	26,912	311	1.2%
Total	661,647	741,509	79,862	12.1%

Source: AMS - USDA

US Fresh/Frozen Beef Imports. Metric Ton. Data Source: USDA/Agricultural Marketing Service

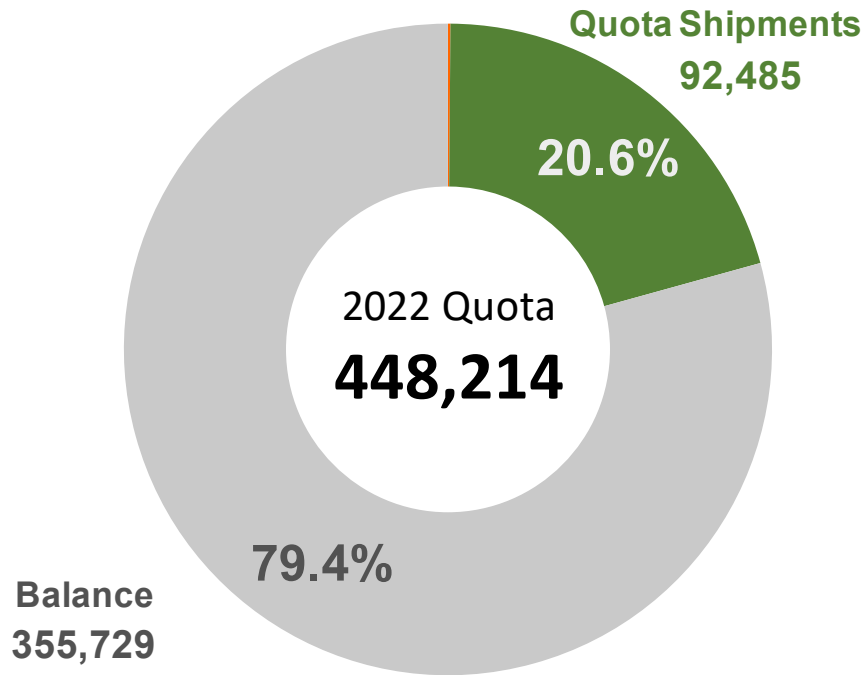
Imports as of August 6, 2022



Australian Beef Quota Position

10-Aug-22

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending August 8. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

